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RR RUEHAO  
DE RUEHCV #2624/01 2422059  
ZNR UUUUU ZZH  
R 302059Z AUG 06  
FM AMEMBASSY CARACAS  
TO RUEHC/SECSTATE WASHDC 6080  
INFO RUEHBO/AMEMBASSY BOGOTA 6962  
RUEHBR/AMEMBASSY BRASILIA 5750  
RUEHBU/AMEMBASSY BUENOS AIRES 1441  
RUEHGE/AMEMBASSY GEORGETOWN 0203  
RUEHLP/AMEMBASSY LA PAZ 2317  
RUEHPE/AMEMBASSY LIMA 0565  
RUEHMD/AMEMBASSY MADRID 3178  
RUEHQT/AMEMBASSY QUITO 2401  
RUEHSG/AMEMBASSY SANTIAGO 3747  
RUEHDG/AMEMBASSY SANTO DOMINGO 0302  
RUEHAO/AMCONSUL CURACAO 0993  
RUEHGL/AMCONSUL GUAYAQUIL 0637  
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UNCLAS SECTION 01 OF 02 CARACAS 002624

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E.O. 12958: N/A

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SUBJECT: PAR FOR THE COURSE: MAYOR OF CARACAS EXPROPRIATES  
LOCAL GOLF COURSES

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Summary  
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1. (SBU) During an open session of the Metropolitan Council of Planning and Public Policy held in Caracas on August 22, Mayor Juan Barreto announced that he was going to issue expropriation decrees for all three golf courses in the Caracas metropolitan area and use the terrain to build 25,000 family homes. In that session, he also publicly and personally insulted the two opposition mayors (septel). Two days later he issued expropriation decrees for the Valle Arriba Golf Club and the Caracas Country Club. The La Lagunita Golf Club was also targeted by Barreto but no decree has been published yet. National Guard elements were spotted in front of Valle Arriba Golf Club on August 29, although it was open for business. The measure is largely a political play to Barreto's lower-class voting base, and is not viewed, even by the Minister of Housing, as a viable alternative to deal with the housing shortage. On August 30, Vice-President Rangel issued a press release disagreeing with the decrees. End Summary.

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Why golf courses?  
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2. (SBU) The reason behind the expropriations, as outlined by the director of the Metropolitan Urbanization Institute (MUI) and Barreto himself, is to construct 25,000 homes for homeless Venezuelans. Juan Vadell, attorney general for the metropolitan district, said that "we are guarantors of private property, but these courses allow us to resolve a collective problem." (Note: Venezuela faces a 1.68 million unit housing shortage, felt most acutely in Caracas. In 2006 alone, Barreto has issued expropriation decrees for an estimated 195 residential buildings, and is looking to enact blanket expropriations for properties meeting certain criteria (such as having the same tenant for 20-plus years, etc). End Note.) The three golf courses targeted are

located on prime Caracas real estate.

13. (SBU) Valle Arriba Golf Club has reportedly already begun clearing out its pro shop in fear of confiscations, although play was proceeding as usual the morning of August 30. National Guard troops were posted in front of the property on the night of August 29. In La Lagunita, National Guard elements have reportedly secured the golf course, and two Chavistas on motorcycles were seen eyeing the land. The owner of Caracas Country Club commented to the press on August 29 that he hadn't received any official notification from the Mayor.

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The irony  
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14. (SBU) Despite Barreto having targeted La Lagunita Golf Club specifically in his August 22 tirade, the expropriation decree for this property was not published alongside the others. There is anecdotal evidence that wealthy pro-government individuals (Chavistas "light") have bought property around the golf course, and some speculate that they pressured Barreto to delay or stop the measure. In the past year, members of the BRV have often mentioned using Caracas metropolitan properties the government already owns - such as Fort Tiuna or La Carlota airstrip - to build homes, but those efforts have fallen flat. Expropriating golf courses may be more a political statement than an actual housing solution. On August 26, the Minister of Housing, Ramon Carrizalez, declared that national housing plans do not include construction on La Lagunita, and that there are more appropriate lots to build on.

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What next  
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15. (SBU) According to the 2002 Expropriation Law, owners have 30 days after the property is declared "of public utility" (i.e. an expropriation decree is issued) to contact the expropriating entity and begin negotiations. An inspector must then value the property, and the National Guard or police can temporarily occupy it for a period of six months. If the owner chooses not to settle, he can fight the proceedings in court. Construction on or occupation of the property (by tenants) cannot legally occur until the process is finalized. However, in nearly all prior cases of Caracas expropriations by Barreto, occupants have flooded in, often with complicity of authorities.

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Comment  
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16. (SBU) The fact that Barreto announced the expropriations while hurling insults at two opposition mayors shows the political motivation to target the upper (and middle) classes and play to his lower-class voter base (after all, golf is an "elite" sport). The housing plans for these properties are precarious - La Lagunita is zoned as a "recreational area" and it would be illegal to build residential homes without re-zoning, a process that normally takes up to two years. It's also hard to imagine how 25,000 families will fit on 58 acres, with buildings limited to maximum of six stories, and still leave room for parks and green areas (as per the Metropolitan Urbanization Institute's plan). The cost of the expropriations alone would be well above the municipality's budget. Both Capriles and Lopez said that Barreto is doing this to distract voters away from mismanagement in his own municipality (except for Chacao and Baruta, all other Chavista-run municipalities are unkempt and broken down).

17. (SBU) As has happened with Barreto's pushes for

expropriation in the past, a high-level BRV member has come out publicly against the measures when reactions turn sour (in this case Rangel, in the January 2006 wave of expropriations, it was Attorney General Isaias Rodriguez). Barreto seems more and more like a BRV litmus test to feel out public opinion on contentious issues - and if there is a backlash, the BRV can localize the issue and use Barreto as a scapegoat. Given that only 13.6 percent of Venezuelans in a recent Datanalisis poll said that expropriation should be the means to providing social benefits, Barreto may be alienating those very voters he is trying to court. End Comment.

WHITAKER